

Corruption Risks in National Creative Industry

1ST RESEARCH CONFERENCE ON
GOVERNANCE, INTEGRITY AND ANTI-CORRUPTION
Movenpick Hotel & Convention Centre, KLIA | 23-24 March 2022



National Centre for
Governance,
Integrity &
Anti-Corruption



Principal Investigator:

Prof. Datuk Ts. Dr. Ahmad Rafi Mohamed Eshaq (MMU & TM)

Project Members:

Dr. Aravindan Kalisri Logeswaran a/l Velachamy (MMU)

Dr. Tan Swee Leng (MMU)

Dr. Abdullah Sallehuddin Abdullah Salim (MMU)

Dr. Fauzan Mustaffa (MMU)

Azhar Ahmad @ Salleh (demised 5 Jan 2021) (MMU)

Creative Industry Collaborators:

Mr. Rozaidi Abd Jamil – Zed Zaidi (President, SENIMAN)

Dato' Jurey Latiff Mohd Rosli (Chairman, CCIG & President PTVM)

Agenda

1. Creative Industry Overview
2. Research Methodology
3. Research Questions and Objectives
4. Key Findings
5. Strategic Recommendation
6. Creative Industry Moving Forward

Creative Industry Overview

The 12th Malaysia Plan (RMK 12) recognises Creative Industry (CI) as a strategic and highly impact industry to boost economic growth and contributes a targeted RM31.9 B to National GDP ¹

MALAYSIA CREATIVE INDUSTRY MARKET



RM29.4 B | GDP Contribution
RM2.6 B | export sales
216,811 | job created

Department of Statistics Malaysia (DOSM), 2020

RESEARCH FOCUS

Creative Multimedia Cluster

National Creative Industries Policy (DIKN) ²

Creative Multimedia

- Film & TV
- Radio
- Animation
- Advertising
- E-Publishing
- Games & virtual world
- Music recording

Arts & Culture

- Visual Arts
- Performing Arts
- Fashion & Textile
- Crafts

Heritage

- Cultural Heritage

¹ RMK 12 Report, 2021

² PWC report of CI for MICC, 2013

Challenges Highlight in National Creative Industry

1. Results of investigation by MACC (2019) into matters purchase of broadcast air-time:

- Absence of customised work manual
- Unclear standard operating procedure (SOP).
- Unspecified selection criteria.
- No selection or rotation round.

2. 44 production houses involvement in alleged embezzlement and misused of Dana Kandungan Digital:

- Total amount RM32 mil. (9 undetected, 6 investigated by MACC and 29 came to iron out with funding agency).

3. Public Accounts Committee (PAC) in 2019 revealed that Film In Malaysia Incentive (FIMI) between 2013 to 2018, did not achieve its main goal to assist in the development and advancement of the local content industry.

- Total amount RM244.17 mil.
- 50% of FIMI programme funds utilised by local film producers were not achieved.
- Only 5 local project applications worth RM12.42 million (10%) were approved.
- Funding Agency has not conducted an 'outcome' evaluation study related to the FIMI programme.
- FIMI did not keep financial records, ledger, expense receipts and bills by the applicant company.
- Funding Agency did not provide contractual agreements for audit firm services.
- No checklists and physical inspection reports were provided for 15 projects from 2013 to June 2018.

4. The responsible Ministry was reprimanded for failing to implement the impact assessment mechanism on the National Creative Industry Policy (DIKN):

- Total amount RM120 mil.

Statistics of Corruption in National Creative Industry

YEAR	INFORMATION	INVESTIGATION PAPER	ARREST	PROSECUTION	JUDGEMENT / VERDICT
2015	39	8	0	0	0
2016	57	12	5	0	0
2017	111	31	8	8	0
2018	83	5	0	0	0
2019	65	9	14	5	0
2020	41	3	6	10	2
TOTAL	396	78	33	23	2

Malaysian Anti-Corruption Commission (2020)

Research Methodology

1 Review documented information (RDI) – based on Anti-bribery Management System (ISO 37001:2016) standards and NACP 2019-2023.



To understand and detect areas of concern pertaining to corruption.

2 Qualitative research – used semi-structured interviews leading to 4 themes:

- General view of corruption in national creative industry.
- Vulnerable areas to corruption.
- Current governance practices.
- Measures against corruption.



To address the needs for comparable responses and expand conversation.

Respondents | Sample size: 34
Key creative industry professionals and practitioners

Method
Thematic Analysis

Data Collection Period
4 Months

RESEARCH OUTCOME: A detail report on risk, governance & integrity with regards to corruption in national creative industry

Research Questions and Objectives

Research Questions

- Q1.** What are the **general overview, challenges and contributing factors** of corruption in Malaysian creative industry?
- Q2.** What are the **vulnerable areas to corruption** in Malaysian creative industry?
- Q3.** What are the **manifestation of existing governance practices in controlling corruption** in Malaysian creative industry?
- Q4.** What are the **measures to curb corruption** in Malaysian creative industry?

Research Objectives

- 1.** To determine general overview of corruption in national creative industry, its challenges and contributing factors.
- 2.** To determine key areas vulnerable to corruption.
- 3.** To identify existing governance practices.
- 4.** To identify measures to curb corruption.
- 5.** To suggest strategic recommendations against corruption.

Respondents Sub-Cluster

NO	CLUSTER	SUB-CLUSTER	ASSOCIATION / AFFILIATION	JUSTIFICATION
1	Creative Multimedia	Advertising	Malaysian Association of Advertising Filmmakers (PPFIM)	Representing professionals and practitioners in advertising production.
2	Creative Multimedia	Advertising	Association of Accredited Advertising Agents Malaysia (4As Malaysia)	Representing advertising agencies and producers.
3	Creative Multimedia	Film and TV	Film Director Association of Malaysia (FDAM)	Representing film and TV directors.
4	Creative Multimedia	Film and TV	Persatuan Penerbit Televisyen Malaysia (PTVM)	Representing film and TV directors.
5	Creative Multimedia	Film and TV	Gabungan Persatuan Karyawan Filem Malaysia (GAFIM)	Representing film and TV, and advertising professionals and practitioners.
6	Creative Multimedia	Film and TV	Professional Film Workers Association of Malaysia (PROFIMA)	Representing film and TV supporting professionals and practitioners crews.
7	Creative Multimedia	Film and TV	Association of Professional Makeup and Special Effects Workers Film and Television	Representing film and TV professional makeup and special effects professionals and practitioners.
8	Creative Multimedia	Film and TV	Malaysian Film Producers Association (PFM)	Representing film producers.
9	Creative Multimedia	Film and TV	Malaysian Cinematic Auteurs Guild (MCAG)	Representing film directors.
10	Creative Multimedia	Film and TV	Malaysian Society of Cinematographers (MySC)	Representing film and TV cinematographers and director of photographers.

Respondents Sub-Cluster (cont.)

NO	CLUSTER	SUB-CLUSTER	ASSOCIATION / AFFILIATION	JUSTIFICATION
11	Creative Multimedia	Film and TV, Animation and Advertising	Digital Creative Content Provider Association of Malaysia (DCAM)	Representing creative industry professionals and practitioners in film and TV, animation and advertising including content for digital platforms.
12	Creative Multimedia	Film and TV, Radio, Animation, Advertising, Publishing, Games and Virtual World Design, and Music Recording	Creative Content Industry Guild (CCIG) Malaysia	Certification body for creative multimedia, and art and culture clusters.
	Arts & Culture	Performing Arts and Visual Arts		
13	Creative Multimedia	Film and TV, Radio Animation, Advertising, and Music Recording	Persatuan Karyawan Malaysia (KARYAWAN)	Representing singers, actors and actresses, directors and producers in film and television, animation, advertising, music recording and radio.
14	Creative Multimedia	Film and TV, Radio Animation, Advertising, and Music Recording	Artiste Association of Malaysia (SENIMAN)	Representing singers, actors and actresses, directors and producers in film and television, animation, advertising, music recording and radio.
15	Creative Multimedia	Film and TV, and Music Recording	Association of Post Production Professional (MyPOST)	Representing post-production professionals and practitioners.
16	Creative Multimedia	Games and Virtual World Design	International Game Developers Association (IGDA-Malaysian Chapter)	Representing games and virtual world development professionals and practitioners.

Respondents Sub-Cluster (cont.)

NO	CLUSTER	SUB-CLUSTER	ASSOCIATION / AFFILIATION	JUSTIFICATION
17	Creative Multimedia	Games and Virtual World Design	Independent	Representing e-sports professionals and practitioners.
18	Creative Multimedia	Film and TV, and Animation	Post-Production, Animation & Creative Content Association Malaysia (POSTAM)	Representing post-production and animation professionals and practitioners.
19	Creative Multimedia	Animation	Animation Society of Malaysia (ANIMAS)	Representing animation professionals and practitioners.
20	Creative Multimedia	Film and TV, Radio, Publishing and Music Recording	Creativewriters Guild Malaysia (CGM)	Representing film and TV, music, radio and theatre script-writers and creative-writers.
	Arts & Culture	Performing Arts		
21	Creative Multimedia	Radio and Music Recording	Persatuan Penyanyi, Pemuzik dan Penulis Lagu Tanah Air (PAPITA)	Representing singers, musicians and song-writers.
22	Creative Multimedia	Radio and Music Recording	Music's Authors' Copyright Protection (MACP)	Representing song-writers, song composers and music publishers licensing body.
23	Creative Multimedia	Radio and Music Recording	Public Performance Malaysia (PPM)	Representing music recording licensing body.
24	Creative Multimedia	Radio and Music Recording	Recording Industry Association of Malaysia (RIM)	Representing music recording companies.

Respondents demography

NO	INTERVIEWEE CODE	GENDER	AGE	YEARS OF EXPERIENCE	ASSOCIATION / AFFILIATION	CREATIVE INDUSTRY PARTICIPATION
1	Interviewee 1	Male	66	40	President	Managing director, advertisement producer and director.
2	Interviewee 2	Male	54	30	Vice President	Managing director, film and television producer and director.
3	Interviewee 3	Male	55	30	President	Managing director, film and television producer and director.
4	Interviewee 4	Male	57	30	Treasurer	Managing director, film and television production manager.
5	Interviewee 5	Male	41	20	President	Managing director, film and television Actor and producer.
6	Interviewee 6	Male	61	30	President	Managing director, film and television producer, director, stunt manager and technical support.
7	Interviewee 7	Male	44	20	Independent	Managing director, E-sports manager and organiser.
8	Interviewee 8	Male	38	15	Member	Managing director, animator, animation producer and director.
9	Interviewee 9	Female	49	34	Chairperson & Member	Managing director, singer, dancer, actress, scriptwriter and producer.
10	Interviewee 10	Female	45	20	Member	Managing director, animator, animation producer and director.
11	Interviewee 11	Female	59	20	Member	Partner, executive producer, director and scriptwriter.
12	Interviewee 12	Male	39	20	Vice President	Managing director, advertisement producer and director.

Respondents demography (cont.)

NO	INTERVIEWEE CODE	GENDER	AGE	YEARS OF EXPERIENCE	ASSOCIATION / AFFILIATION	CREATIVE INDUSTRY PARTICIPATION
13	Interviewee 13	Male	66	20	Exco and member	Managing director, actor, scriptwriter, editor, director and producer.
14	Interviewee 14	Male	48	15	Exco and member	Managing director, director and producer.
15	Interviewee 15	Male	55	30	Exco	Managing director and producer.
16	Interviewee 16	Female	58	32	Exco	Freelancer – Professional makeup artist.
17	Interviewee 17	Female	58	20	Exco and member	Freelancer – Scriptwriter and creative writers.
18	Interviewee 18	Male	56	28	Exco and member	Managing director and producer.
19	Interviewee 19	Male	37	20	Secretary general	Managing director, assistant director, production manager and actor.
20	Interviewee 20	Male	43	21	Member	CEO, actor, producer, director, cinematographer, and scriptwriter.
21	Interviewee 21	Male	48	25	Member	Managing director, producer, director and production manager.
22	Interviewee 22	Male	51	26	Exco and member	Managing director, production manager and technical support.
23	Interviewee 23	Male	36	14	Former President and member	E-games developer, consultant, training and outreach manager.
24	Interviewee 24	Male	43	20	Member	Motion graphic artist, senior motion designer, senior designer, senior art director, creative group head and creative director.

Respondents demography (cont.)

NO	INTERVIEWEE CODE	GENDER	AGE	YEARS OF EXPERIENCE	ASSOCIATION / AFFILIATION	CREATIVE INDUSTRY PARTICIPATION
25	Interviewee 25	Male	41	19	Exco	Managing director, animator, animation scriptwriter, animation director, animation editor, composer and producer.
26	Interviewee 26	Female	40	22	Treasurer	Freelancer – Post-production professional, editor including editor for visual and performing arts.
27	Interviewee 27	Female	54	20	Member	General manager for music copyright.
28	Interviewee 28	Male	51	30	Vice President	Managing director, profesional editor, post-production professional, special effects artist, music and sound composer, and sound engineer.
29	Interviewee 29	Female	42	18	Member	President and Chairman group of companies, content developer, producer, director and trainer.
30	Interviewee 30	Male	56	32	Deputy President	Managing director and Country Manager for International Music Company
31	Interviewee 31	Male	63	50	Deputy President	Managing director, music composer, song-writer, music editor, music producer and music event organiser.
32	Interviewee 32	Female	50	22	Secretary General	Freelancer – Actress, director, producer, and scriptwriter - (film and television, and as theatre).
33	Interviewee 33	Male	68	40	President	Managing director, singer, composer, producer, director and musician.
34	Interviewee 34	Male	57	40	President	Managing director, Composer, producer, director and musician.

ROLE IN AFFILIATION / ASSOCIATION: 76.4% (EXCO AND ABOVE)

Key Findings

1

Overview of corruption –

Most of the participants agreed that corruption is a legacy or inherit issue its risk does exist in the creative industry of Malaysia, and is at worrying trend.



“The games played then, the games are also played now. To those who follow the rules, the fact is you don’t want to play the game, then you have to suffer (no or less jobs, contracts and funds) ...”

Male – Telefilm, Film and Drama Producer

1. Local Creative Industry and its Challenges – Despite the strong understanding and awareness, corruption silently is becoming endemic in local creative industry.

- Rank 1: Bribe, grease payments, commission payments, and kickbacks.
- Rank 2: Favouritism, cronyism, tribalism and nepotism, embezzlement, fraud, lack of transparency, inconsistent policy or procedure, double standard and lack of accountability.
- Rank 3: Falsification of documents, dubious claims, and unauthorised increment in prices of services, inflating costs or budget, delayed services and approval, non-action to non-performers.

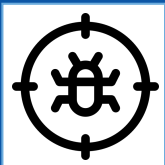
2. Contributing Factors of Corruption – Majority opinion from the participants is that the ecosystem of creative industry itself is essentially the major contributor for corruption in three unique ways:

- Avoid by temporarily or permanently leaving the creative industry.
- Compromise by accepting the norms and find a way to deal with it, or confront with the corrupt practices.
- Participate by condoning the practices.

Key Findings

2 Vulnerable Areas to Corruption –

The respondents revealed six vulnerable (*risky*) areas to corruption in national creative industry.



“There are favoritism when come to grant or funding. There were evidences that previous recipients escape punishment or penalties due to failure to complete the tasks or producing output that were not up to expectation...”

Male – Recording Company Representative

1. Pitching for Grants: While the technical proposal is perceived as more objective, the creative proposal is perceived as more subjective; hence, it opens to misbehaviour or misconduct practices.

2. Bidding for Broadcasting Air-time Slots: The corruption risk arises as broadcasting bodies have a favourite list of production houses.

3. Securing License, Permit and Approval: Process of applying license, permit and approval for production were among the vulnerable areas prone to corrupt practices.

4. Producing and Marketing Creative Content: Production managers take advantages by inflating the budget, marking-up the quotations, manipulating and misleading account figures.

5. Lobbying for Nomination, Recognition and Awards: Nomination, recognition and awards as tools to gain popularity, admiration, fame and status. With such accolades, professionals would able to negotiate for higher remuneration, rewards and payment rate for creative works.

6. Politicking in Associations and Representation: The intensified politicking increases corruption risks when it involves exchange of payment or gifts with the intention to garner support or getting votes.

Key Findings

3

Manifestation of Existing Governance Practices –

The general observation indicated that there are no formal and written policies covering three aspects in the context of creative industry.



“The owners play important role in setting a (right) tone, in sending a signal and shaping the organisational ethical values against corruption and bribe...”

Male – Advertiser, Director and Producer

1. Anti-Corruption Policy, Gift and Hospitality Policy, and Whistleblowing and Witness Protection Policy:

- None can be found in nearly all associations representing the creative industry, as well as in majorities of individual companies of creative industry.

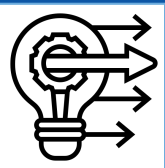
2. Formal and written these policies do exist:

- Among subsidiary companies or country representatives' office of international creative firms and country chapter of international creative industry associations.
- Among creative industry firms that are subsidiaries or associate companies to government linked companies or government investment linked companies.

Key Findings

4 Industry Players' Views of Measures Against Corruption

– Respondents shared their initiatives to curb corruption in national creative industry.



“The industry requires strong leadership to lead efforts in fighting corruption (in creative industry). The strong leadership must come from the ministry, regulators, broadcasting agencies, associations, and funding bodies. Changes and growth of our industry require top-bottom approach, instead of bottom-up approach...”

Male – Advertiser, Director and Producer

1. Prevention Initiatives:

- Enhancing the Mechanism and Governance of Grants.
- Improving Ways of Air-time Slots Allocation.
- Strengthening Leadership and Representation.
- Rejuvenating Creative Industry Associations.
- Riding on Latest Technology.

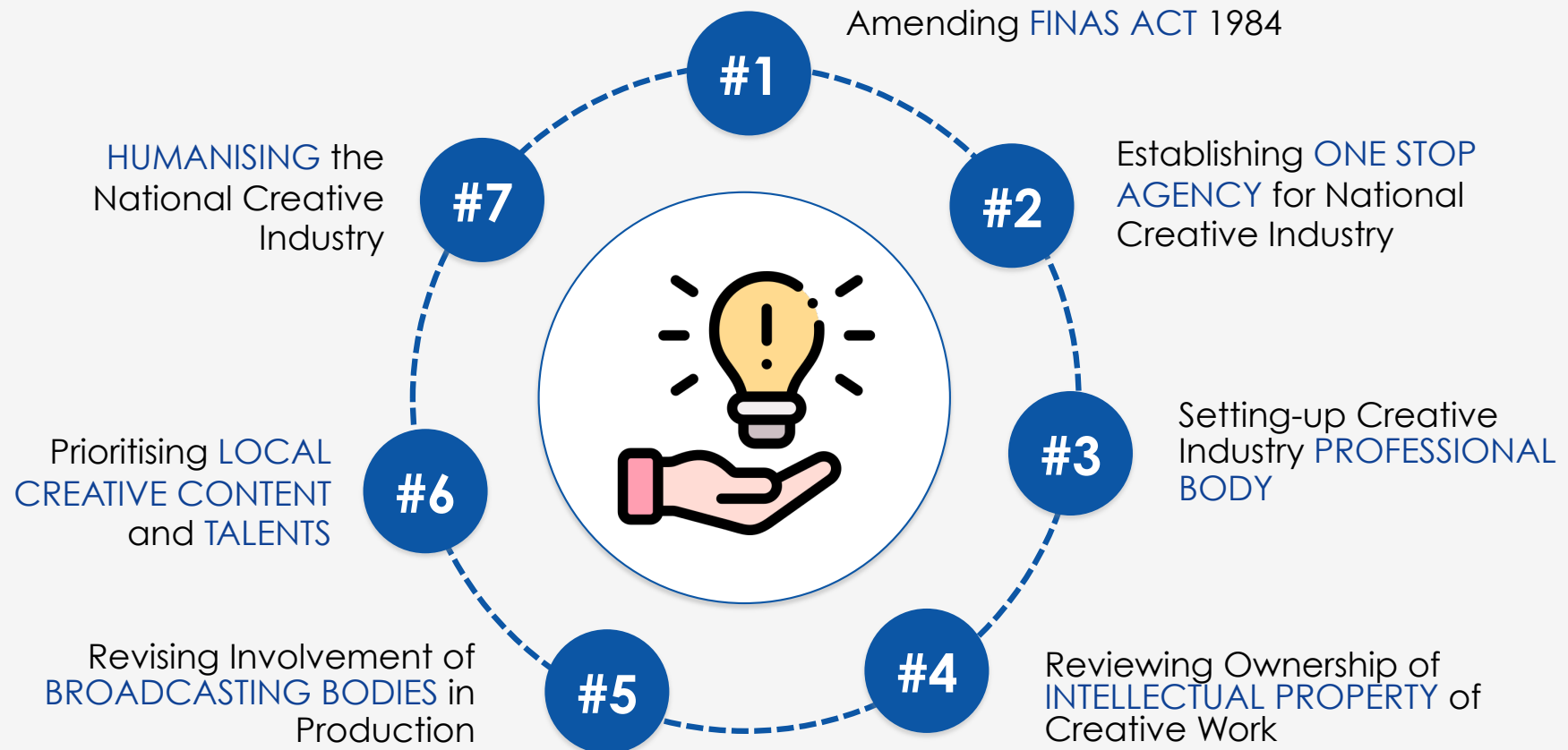
2. Educational Initiatives:

- Conducting Structured, Sustainable and Integrated Ethical Training Programme. Creative industry as a platform to disseminate governance, integrity and anti-corruption campaigns.
- Shifting Mind-set towards exploring alternative funding opportunities.

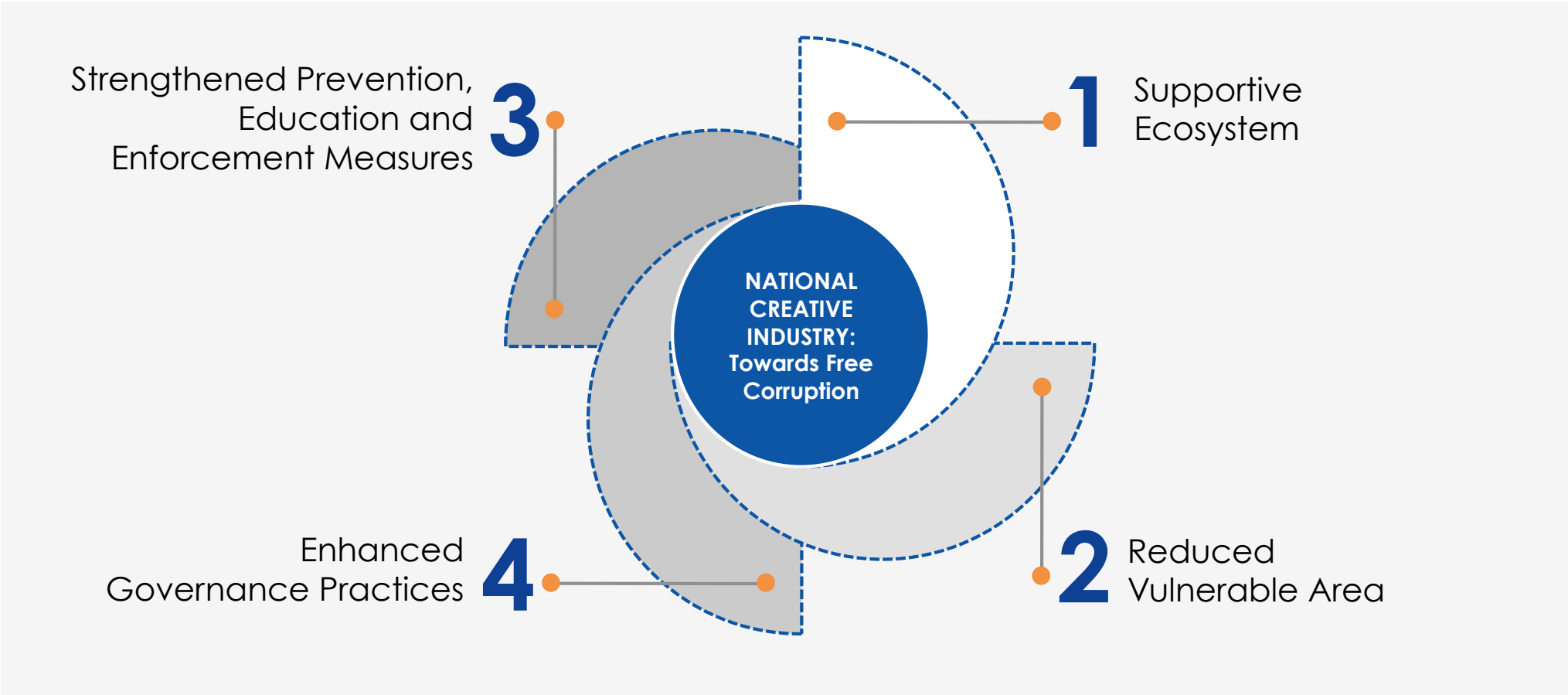
3. Enforcement initiatives: The authorities and regulatory bodies to take stern action against:

- Corruptors, culprits and accomplices of wrong doings.
- Non-performing of grants or airtime slots recipients who are not completing their assignment or produce sub-standard creative outputs.

Strategic Recommendation



Creative Industry Moving Forward



email: rafi@mmu.edu.my | **Q&A**